

American consumers have the freedom to choose to buy Sony and Honda. And liberate American producers from government.

## Another Federal Crime Against Consumers

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**T**he Reagan administration has verbally championed free trade while imposing more protectionism than any other administration since World War II. In 1981, about 25% of our imports were restricted in some way by the feds. Today, the figure is over 40%. And now we have an attack on American consumers in the name of retaliation against Japanese computer chips.

Because Japanese companies make these chips—the silicon hearts of computers—more economically than domestic producers, the administration has sought to protect inefficient U.S. firms at the expense of American consumers (and efficient U.S. firms).

The Japanese crime is “dumping”: selling products below cost. But there is no way to tell if dumping is taking place. Austrian economics shows us that the notion of cost is necessarily a subjective and changing one. No government bureaucrat can tell what a company’s cost is.

Even if dumping takes place, why should the police powers of the state be used to impede it? It can’t be bad for consumers, and as Ludwig von Mises taught, it is from the standpoint of consumers that all economics and economic policy must be judged.

Even if true and taking place, why outlaw this consumer-enhancing process only internationally? Why not prevent

Safeway from selling ketchup at a loss to lure customers into its stores? Isn't "ketchup dumping" unfair to the A&P?

Because Japanese companies benefit American consumers by selling us computer chips at prices we want to pay, the president is levying 100% tariffs on some Japanese electronic goods. This punishes U.S. consumers with higher prices to benefit inefficient but politically influential U.S. corporations.

Trade restrictions are wrong on at least three counts:

- 1) *Moral*. By what right does the U.S. government seek to benefit special interests by telling Americans what consumer products we can or can't buy?
- 2) *Economic*. Protectionism, like all government interventions into the economy, rewards political pull at the expense of economic efficiency, and thus makes us all poorer.
- 3) *Political*. It is no coincidence that trade wars usually precede shooting wars. Why increase international tensions to pay off unsuccessful (but well-compensated) executives?

The collectivism that accompanies protectionism is off-putting as well: "Japan is harming 'us' by \_\_\_\_\_ (fill in the blank)." What "us"? I have a lot more in common with a free-market Japanese businessman than I do with a protectionist and statist like Lee Iacocca, whether we share the same citizenship or not.

There's a big trade fight in Washington these days. But no one seems to care about the consumer. The battle instead is over whether the White House or the Congress will get political credit for protectionist rip-offs. Mises called capitalism the system of consumer sovereignty. Anything that inhibits that sovereignty makes us all poorer—and less free.